

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



June 28, 2005

CSSIN LETTER: 05-09

ALL IV-D DIRECTORS  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL BOARDS OF SUPERVISORS

SUBJECT: CREDIT CARD CONVENIENCE FEES

The purpose of this letter is to inform local child support agencies (LCSA) about the process to claim convenience fees charged by third party vendors when non-custodial parents (NCP) use credit cards to pay child support obligations.

A question was recently raised as to whether the fees charged to an NCP for the convenience of using a credit card are eligible for federal financial participation if paid by the LCSA. The Administration for Children and Families, Office of Child Support Enforcement, has responded that credit card convenience fees are considered a cost of doing business if the LCSA chooses to pay the fee and should be reported as follows on the Administrative Expense Claim (AEC):

- If the LCSA chooses to pay the NCPs convenience fee for using a credit card, the fees must be reported on the AEC 356.1, Section II, C. 2, Other Operating Expenses (Non-EDP).
- If the LCSA has a contract with a credit card company, then the associated costs must be reported on the AEC 356.1, Section II, B. 2., Other Contractor Expenses.
- If the LCSA does not pay the NCPs credit card convenience fees and has no contract with a credit card company, then no action is necessary for reporting purposes.

All LCSAs should be aware that the current design of the State Disbursement Unit (SDU) allows the Service Provider to charge NCPs credit card convenience fees. Once the SDU is implemented, these fees will be paid by NCPs and will not be absorbed by the Department of Child Support Services.

Reason for this Transmittal

- ☐ State Law or Regulation Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order or Settlement Change
- ☒ Clarification requested by One or More Counties
- ☐ Initiated by DCSS

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If you have questions or concerns regarding this matter, please contact Cindi Pocoroba of the County Allocations and Claims Policy Unit at (916) 464-5086.

Sincerely,

*/s / Olivia Cortez*

OLIVIA CORTEZ

Deputy Director

Administrative Services Division

cc: Dave Oppenheim, CSDA